



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0238	<b>Title:</b>	Increase adjustments to medicaid dental conversion factor
<b>Primary Sponsor:</b>	Olszewski, Albert	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$383,233	\$810,055	\$1,275,178	\$1,782,988
Federal Special Revenue	\$721,712	\$1,503,728	\$2,361,952	\$3,302,545
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$721,587	\$1,503,728	\$2,361,952	\$3,302,545
<b>Net Impact-General Fund Balance:</b>	<u><u>(\$383,233)</u></u>	<u><u>(\$810,055)</u></u>	<u><u>(\$1,275,178)</u></u>	<u><u>(\$1,782,988)</u></u>

### **Description of fiscal impact:**

HB0238 establishes a new conversion factor for the calculation of reimbursement for Medicaid provided dental services.

### **FISCAL ANALYSIS**

#### **Assumptions:**

- 1) Director's Office
  - a) Administrative rules changes for the new fees for a new conversion factor for dental services identified in this bill will need to be made. Administrative Rules changes cost \$50 per page. It is estimated there will be five pages of rule changes required as a result of this bill for a total one-time only cost of \$250.
  - b) Medicaid administrative federal participation is 50%.

## 2) Health Resources Division

- a) To calculate the reimbursement rates for dental services, the following conversion factors and consumer price index (CPI) must be applied:
- i) A 3.45 % CPI-U for medical care was applied to the FY 2015 Conversion Factor (CF) of \$32.53 to calculate the SFY 2016 CF of \$33.65. ( $\$32.53 \times 1.0345 = \$33.65$ ).
  - ii) A 3.45 % CPI-U for medical care was applied to the FY 2016 CF of \$33.65 to calculate the FY 2017 CF of \$34.81. ( $\$33.65 \times 1.0345 = \$34.81$ ).
  - iii) The relative values for Dentists, as provided in ARM 37.86.1004, reference published in 2014 were used in the calculation.
  - iv) A 3.45 % CPI-U represents a 10 year average (2005 through 2014).
- b) The total amount of Dental, Dental Hygienist, and Denturist services in FY 2013 paid on the dates of services is: \$25,694,162
- c) The minimum increase in the conversion factor for FY 2013 through FY 2014 is 3.45% per year.
- d) The table below shows the Dental and Denturist caseload, the conversion factor percentages, and the total effect to the caseload by assuming the 3.45 percent each year in FY 2016, and FY 2017.

	<b>TOTAL Dental/Denturist Caseload</b>	<b>Conversion Factor increase</b>	<b>Total Effect</b>
FY 2015	\$32,020,133	0.00%	\$0
FY 2016	\$34,245,961	3.45%	\$1,104,695
FY 2017	\$36,630,359	3.45%	\$2,313,783
FY 2018	\$38,828,181	3.45%	\$3,637,130
FY 2019	\$41,157,871	3.45%	\$5,085,533

- e) The Federal Medicaid Assistance Percentage (FMAP) is estimated at 65.32 FY 2016, 64.99 in FY 2017, and 64.94 in FY 2018 and FY 2019.

	<b>Total Impact</b>	<b>General Fund</b>	<b>Federal Fund</b>
FY 2015	\$0		
FY 2016	\$1,104,695	\$383,108	\$721,587
FY 2017	\$2,313,783	\$810,055	\$1,503,728
FY 2018	\$3,637,130	\$1,275,178	\$2,361,952
FY 2019	\$5,085,533	\$1,782,988	\$3,302,545

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$250	\$0	\$0	\$0
Benefits/Claims	\$1,104,695	\$2,313,783	\$3,637,130	\$5,085,533
<b>TOTAL Expenditures</b>	<b>\$1,104,945</b>	<b>\$2,313,783</b>	<b>\$3,637,130</b>	<b>\$5,085,533</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$383,233	\$810,055	\$1,275,178	\$1,782,988
Federal Special Revenue (02)	\$721,712	\$1,503,728	\$2,361,952	\$3,302,545
<b>TOTAL Funding of Exp.</b>	<b>\$1,104,945</b>	<b>\$2,313,783</b>	<b>\$3,637,130</b>	<b>\$5,085,533</b>
<b><u>Revenues:</u></b>				
Federal Special Revenue (02)	\$721,712	\$1,503,728	\$2,361,952	\$3,302,545
<b>TOTAL Revenues</b>	<b>\$721,712</b>	<b>\$1,503,728</b>	<b>\$2,361,952</b>	<b>\$3,302,545</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$383,233)	(\$810,055)	(\$1,275,178)	(\$1,782,988)
Federal Special Revenue (02)	\$0	\$0	\$0	\$0

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*